

PLR 9409031, 1993 WL 596398 (IRS PLR)

Internal Revenue Service (I.R.S.)

Private Letter Ruling

Issue: March 4, 1994  
December 7, 1993

Section 7701 -- Definitions  
7701.00-00 Definitions  
7701.20-00 Indian Tribal Government

Section 7871 -- Indian Tribal Governments Treated As States For Certain Purposes  
7871.00-00 Indian Tribal Governments Treated As States For Certain Purposes

CC: DOM:FI&P: 2 / TR-31-542-92

Taxpayer Information: \*\*\*

Taxpayer Name: \*\*\*

EIN: \*\*\*

Taxpayer's Address: \*\*\*

Agency = \*\*\*

Department = \*\*\*

Tribe L = \*\*\*

ITG L = \*\*\*

Tribe M = \*\*\*

ITG M = \*\*\*

Tribe N = \*\*\*

ITG N = \*\*\*

Tribe O = \*\*\*

ITG O = \*\*\*

Tribe P = \*\*\*

ITG P = \*\*\*

Tribe Q = \*\*\*

ITG Q = \*\*\*

Tribe R = \*\*\*

ITG R = \*\*\*

Tribe S = \*\*\*

ITG S = \*\*\*

Tribe T = \*\*\*

ITG T = \*\*\*

Tribe U = \*\*\*

ITG U = \*\*\*

Tribe V = \*\*\*

ITG V = \*\*\*

Tribe W = \*\*\*

ITG W = \*\*\*

This is in reply to a letter dated March 4, 1992, requesting a ruling on the status of Agency for federal income tax purposes. The information submitted for consideration is summarized below.

Tribes L, M, N, O, P, Q, R, S, T, U, V, and W are Indian tribes that have been acknowledged by the Bureau of Indian Affairs of the United States Department of the Interior. Indian tribal governments ("ITG's") L, M, N, O, P, Q, R, S, T, U, V, and W are the

respective governing bodies of Tribes L through W for purposes of [section 7701\(a\)\(40\) of the Internal Revenue Code](#).

ITG's L through W have established Agency for the purpose of administering certain programs that benefit each of Tribes L through W. The programs are funded by Department, an executive agency of the United States. Each ITG designates two representatives to the executive body of Agency and has delegated to Agency responsibility for the administration of the programs, which are governmental functions of the ITG's. Several of the ITG's have also delegated to Agency their power to collect sales taxes imposed on the sale or use of materials necessary to the programs.

Under [section 7701\(a\)\(40\)](#) of the Code, the term "Indian tribal government" means the governing body of any tribe, band, community, village, or group of Indians, or (if applicable) Alaska Natives, which is determined by the Secretary, after consultation with the Secretary of the Interior, to exercise governmental functions.

Under section 7871(a) of the Code, an Indian tribal government is treated as a state for certain purposes of the Internal Revenue Code.

Under section 7871(d), a subdivision of an Indian tribal government is treated as a political subdivision of a state for the purposes specified in section 7871(a) only if the Secretary determines, after consultation with the Secretary of the Interior, that the subdivision has been delegated the right to exercise one or more of the substantial governmental functions of the Indian tribal government.

After consultation with the Secretary of the Interior, we conclude that ITG's L through Q and S through W are the governing bodies of their respective tribes and exercise governmental functions.

Administering the programs funded by the Department is a substantial governmental function of ITG's L through Q and S through W, each of which has delegated that function to Agency.

Accordingly, it is held that Agency is a political subdivision of each of ITG's L through Q and S through W.

This ruling is directed only to the taxpayer that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as precedent.

Except as specifically provided otherwise, no opinion is expressed on the federal income tax consequences of the transaction described above. More specifically, this ruling does not necessarily establish that Agency qualifies for a particular tax benefit. For example, when an Indian tribal government or a political subdivision of an Indian tribal government seeks exemption from excise taxes, the tribal government or subdivision must be able to demonstrate that the underlying transaction involves the exercise of an essential governmental function of the Indian tribal government.

Sincerely yours,

Assistant Chief Counsel  
(Financial Institutions & Products)  
By: William E. Coppersmith  
Chief, Branch 2

This document may not be used or cited as precedent. [Section 6110\(j\)\(3\) of the Internal Revenue Code](#).

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